

## THE STRUCTURE OF TAX CULTURE AND TAXPAYERS' PERCEPTIONS IN TURKEY\*

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### Abstract

This study investigates the tax culture in Turkey. The tax culture, which is an interdisciplinary and abstract concept, represents the transmission of the codes related to tax and way of thinking in a society through values, from generation to generation. This concept becomes tangible through tax behavior. In this respect, the aim of this study is to introduce the taxpayers' perception by dwelling on tax culture in Turkey within the framework of social values and tax behavior. Within this context, qualitative research method is used in order to identify the direction (positive or negative) of tax culture in Turkey and to research the interactions between tax culture and tax behavior. Within this method, data collection technique is practiced with triangulation process. The qualitative data is visualized with content analysis; afterwards, the network analysis is conducted. The most substantial finding acquired from the result of these analyses is the problems created in the tax payment and taxing culture due to abrasion in the value of fairness. Taxpayers, who profess that the tax culture is based on unfairness, express their negative opinions by stating that "there is no tax culture", "the level of tax culture is inadequate" and "tax culture is negative" in Turkey. From this point of view, it is found out that tax culture in Turkey is a negative tax culture. On the other hand, it is observed that the value of trust to the state, also in relation to fairness, is considerably influential on tax culture and tax behavior. Taxpayers, who think that taxing culture is based on the values of not questioning the state, patriotism, and submissiveness, do not build a relationship between these values and tax paying culture and tax behavior. The other significant finding of this study is that the value of religiousness has only a connection with the behavior of voluntary tax compliance. On the contrary, the essential factors effective in the transmission of the tax culture to the next generations are tax paying culture, troubles in transforming the values into behavior, hope and expectations for the future, the value of fairness, and the academicians who are one of the actors in the tax culture.

**Keywords:** Tax Culture, Values, Tax Behavior, Voluntary Tax Compliance, Social Values.

**JEL Code:** A13, A14, H26

### 1. Introduction

Culture and the values resourcing it have significant importance for the understanding of the differences between the societies and social behavior. Individuals adopting the values and the culture of a society through socializing process have begun to be in accord with the society. On the other hand, the values assist the carrying of the behaviors to the required status by being transformed into judgments that depict the required actions. However, in some cases, the link between the values and the behaviors can be broken; thus, individuals may not perform actions in compliance with the values.

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Why do the individuals tend towards a negative behavior such as tax evasion? What are the reasons behind the disconnection between the values and the tax behavior? In this respect, the main aim of this study is to analyze the structure of tax culture, the patterns concerning the tax culture and the way they are perceived by the taxpayers in Turkey. The scope of the study is the interaction between the taxpayers' values, tax behavior, and the perception of tax culture within the context of this study's aims. In relation to aim and the scope, qualitative research method is chosen for this study.

## **2. Theoretical Framework**

Theoretical framework of this study is based on the assumption that the values are the basis of the culture and these values affect tax culture and tax behavior.

### **2.1. Culture and Values**

Culture is defined in numerous ways in various disciplines (Fukuyama, 2000: 50; Hofstede, 2001: 9-10; Schwartz, 2006: 138-139; Fichter, 2011: 154), here in this study, culture is referred to as cognitive programming; realized within the center of values, formed by the values, and that governs the behaviors.

Values are also described in many different ways (Rokeach, 1973: 5; Hofstede, 2001: 5; Giddens, 2012: 53; Parsons & Shils, 2013: 55). According to this study, values are the senses, thoughts, and beliefs that constitute the basis of culture and a society's genes and it process the intended behaviors to the individuals' minds through shaping the choices between events/ situations. Within this respect, values are expected to be influential on tax behavior and tax culture.

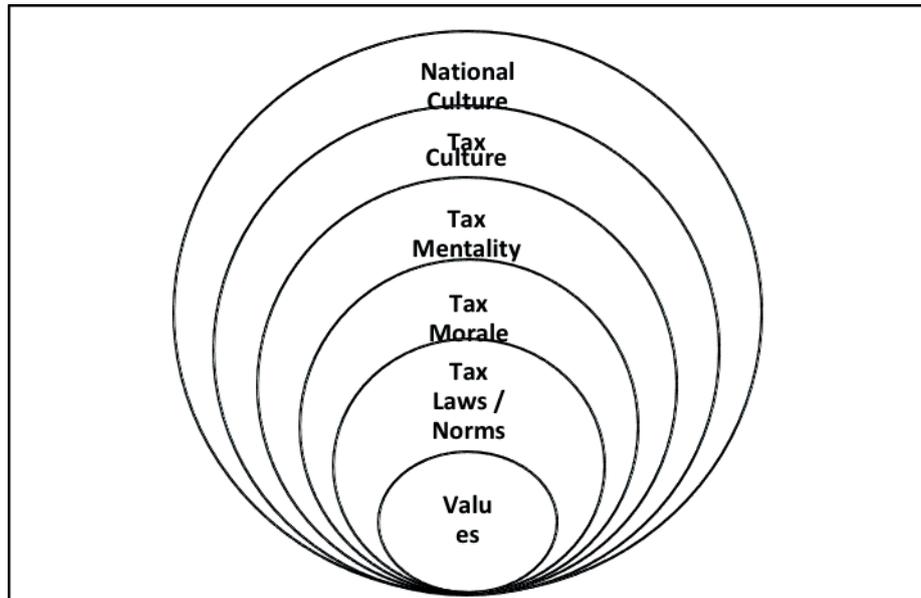
### **2.2. Tax Behavior and Tax Culture**

The other concept that is required to be dwelled on in terms of the scope of this study is tax behavior. Tax behavior in finance literature is studied with different subjects such as the taxpayers' reactions or attitude towards tax (Aksoy, 1998; Aktan, Dileyici & Saraç, 2002; Yılmaz & Şeker, 2007). Within this study, tax behavior is narrowed down to voluntary tax compliance, tax avoidance, and tax evasion.

Schumpeter pioneers the theoretical usage of tax culture comprising the relations among all the actors of culture and tax in 1929 (Nerre, 2001a: 2). Nerre comes to the forefront in the theoretical modeling of this concept (Nerre, 2001a; 2001b; Nerre, 2004; Nerre and Blumenthal, 2003; Nerre, 2008).

In this study, tax culture is described as the codes relating to tax concept that processed society's mind through culture and values, way of thinking and behavior transmitted from a generation to another with historical accumulation, and the ability to anticipate course of tax in terms of tax management. Besides, the concept involves the taxpaying culture and taxation culture.

**Figure 1. Theoretical Position of Tax Culture**



Source: Based on Nerre, 2001a: 13

On the other hand, the concept is located as an agent of national culture by being theoretically based on the values as in Figure 1.

### 3. Method and Findings

With regards to the subject and the aims of this study, qualitative research method is chosen. The following presents information on data collection, analysis, and the findings.

#### 3.1. Data Collection and Analysis

In qualitative method, triangulation process is used in data collection technique and semi-structured and in-depth interviews, and the comments added to a web-based questionnaire form with “Please indicate your comments here, if any, on tax culture in Turkey” statement are used after receiving approval and opinions of three experts.

The study group of the interviews includes two persons who are direct taxpayers. For the open-ended question, the participation of every person above the age of 18 is accepted. In this way, it is aimed to reach a general participant profile without making exception on indirect-direct taxpayers in order to understand the general tax culture in the country. Therefore, the study group of the relevant sections is comprised of 261 persons that left their comments.

Creswell’s (2013:52) inductive approach is used in the analysis to reach the themes through the codes. The coding systems formed with the aim of validity and reliability check are presented to the experts in their subject and its adequacy is approved. In this coding system, 986 coding are established under the themes shown on Table 1.

**Table 1. Themes in the Coding System**

Themes	Coded Sections
Values	174
Transformation of Values into Behaviors	18
Tax Culture	263
Actors of Tax Culture	85
Transmission of Tax Culture/ Socialization	8
Tax Behavior	121
Tax System	256
Comparison with Other Countries	10
Hopes, Expectations/ Suggestions for the Future	51
<b>Total</b>	<b>986</b>

Afterwards, the qualitative data is visualized with MAXQDA program and then network analysis is made.

### 3.2. Findings

The variety in the demographical characteristics of the participants contributes to the richness of the findings gathered during the research and to the comprehensiveness of the subject (Seggie & Bayyurt, 2015: 15). For this purpose, this study has reached any type of participants around each region in Turkey, as can be seen in the following Table 2.

**Table 2. Demographical Characteristics**

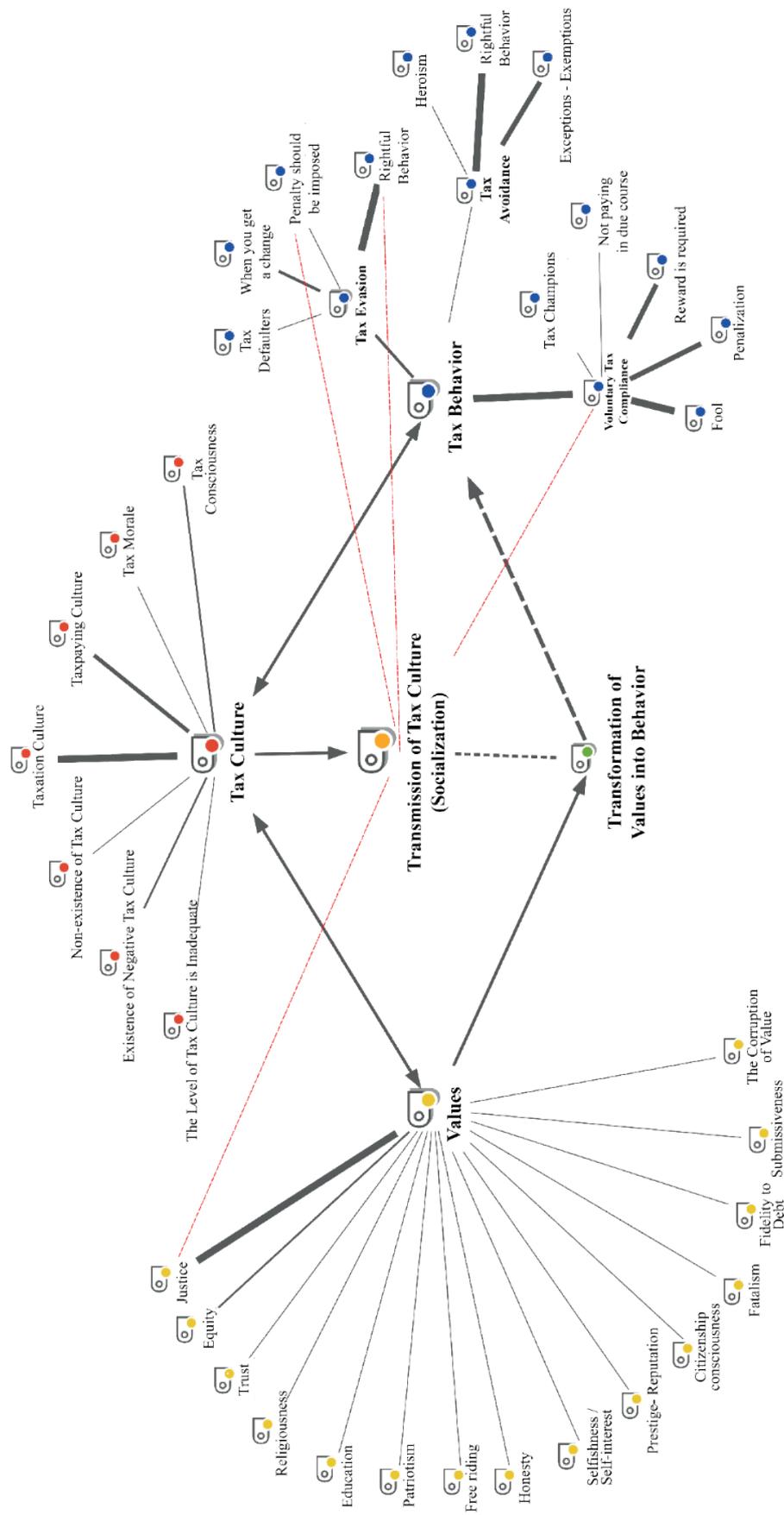
Sex	
Male	211
Female	52
Marital Status	
Single	165
Married	98
Educational Status (Alma Mater)	
Secondary School	2
High school	71
College (2 years)	19
University (4 years)	130
Postgraduate	35
Doctorate	6
Number of Participants based on Regions	
Mediterranean	19
East Anatolia	2
Aegean	50
Southeast Anatolia	4
Central Anatolia	53
Black sea	8
Marmara	127
<b>Total</b>	<b>263</b>

When the findings are presented, following the experts' advises, the quotations taken from the participants' comments are used as they are, including the clerical errors.

In the center of Figure 2, which shows the relationship between tax culture and tax behavior as a general model, there are "transmission of tax culture" and "transformation of the values into behavior" because these are the agents that connect the values, tax culture, and tax behavior to one another.

In Figure 2, 3, and 4, thickness of the lines indicates the frequency distribution and red lines indicate the codes that MAXQDA program has found relevant.

Figure 2. General Model



During the in-depth interviews, the participants are asked “Can you describe the tax culture in Turkey?” The participant Ö.K. replied “Unfortunately, there is no tax culture in Turkey. When the rationale behind this thought is asked, the participant explains as below:

“Tax is like, in people’s saying, exaction. Why? Because, when you pay a tax, you look into whether it is fair or not.” (Ö.K., Male, Trade, Ankara, 50).

The participant who expresses that tax consciousness is not acquired and personal profit is aimed to be maximized comments as follows:

“I’m afraid there is no tax culture in our country, the citizens are unaware of what tax is. In the old times, we used to ask the final price during a simple shopping unless we receive a receipt, but we do not know why we do this, our whole intention is to buy goods for a few bucks cheaper.” (Civil servant in the public sector, Male, Zonguldak, 35)

When we look into the taxpaying culture, the effect of taxation culture can be clearly observed:

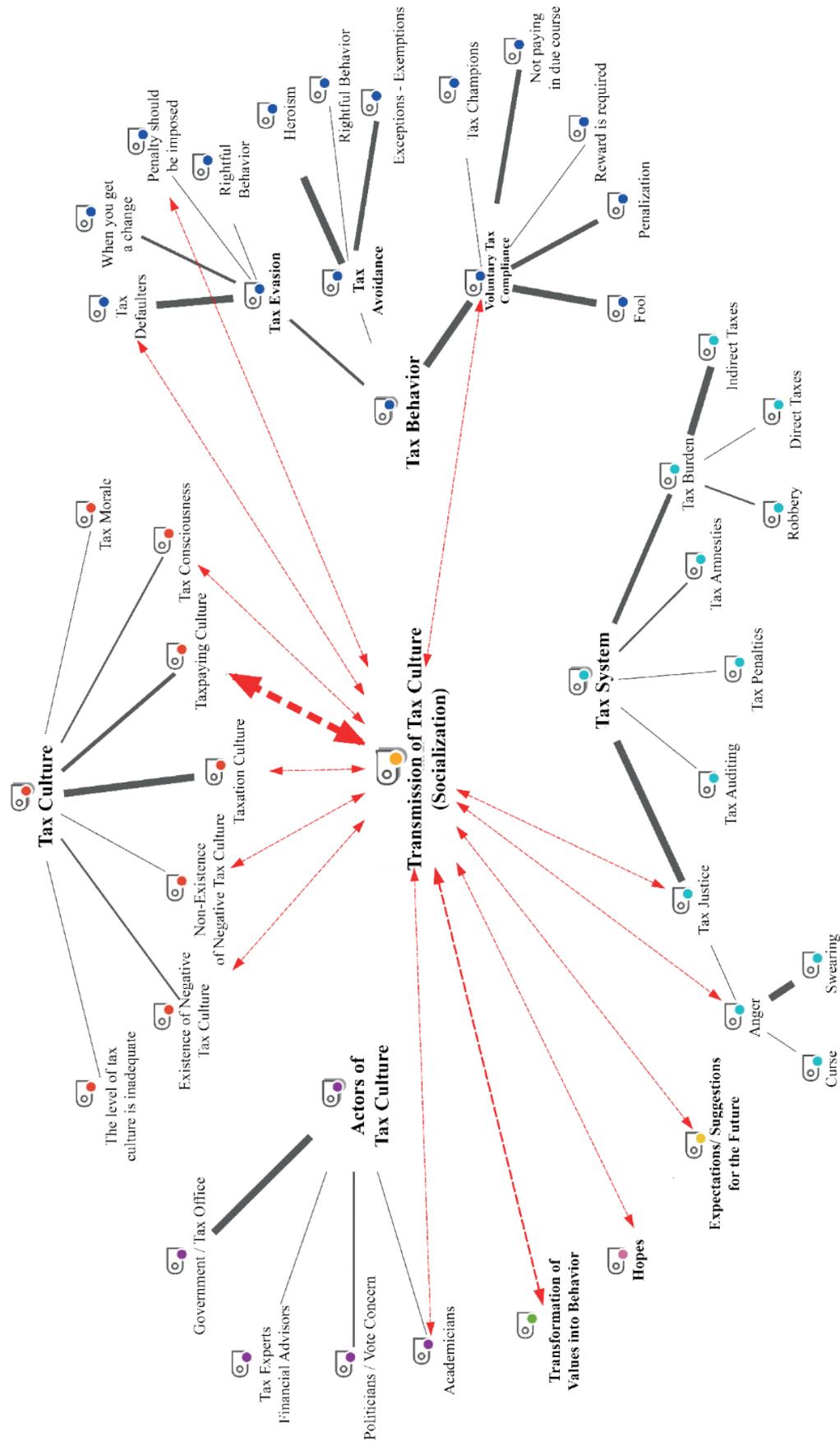
“Citizens do not fulfill their obligations by thinking that an amnesty will be granted sooner or later.” (Unemployed, Male, Mersin, 26)

Recurrently granted amnesties and implementations reinforcing injustice make the payers, who perform voluntary compliance actions, seem like “fool” and “everybody does the same” opinion weaken the taxpaying culture.

According to Figure 3, taxpaying culture is the most effective phenomenon for the spreading of the tax culture in a society.

Within the relationship between the transmission of tax culture and tax system, tax justice and its sub-code anger become prominent. The subjects in which swearing codes in anger can be found are taxation culture, tax burden, indirect taxes, anger against tax evaders, and tax amnesties. Tax justice and anger against tax evaders are the subjects that are cursed.

Figure 3. Transmission of Tax Culture



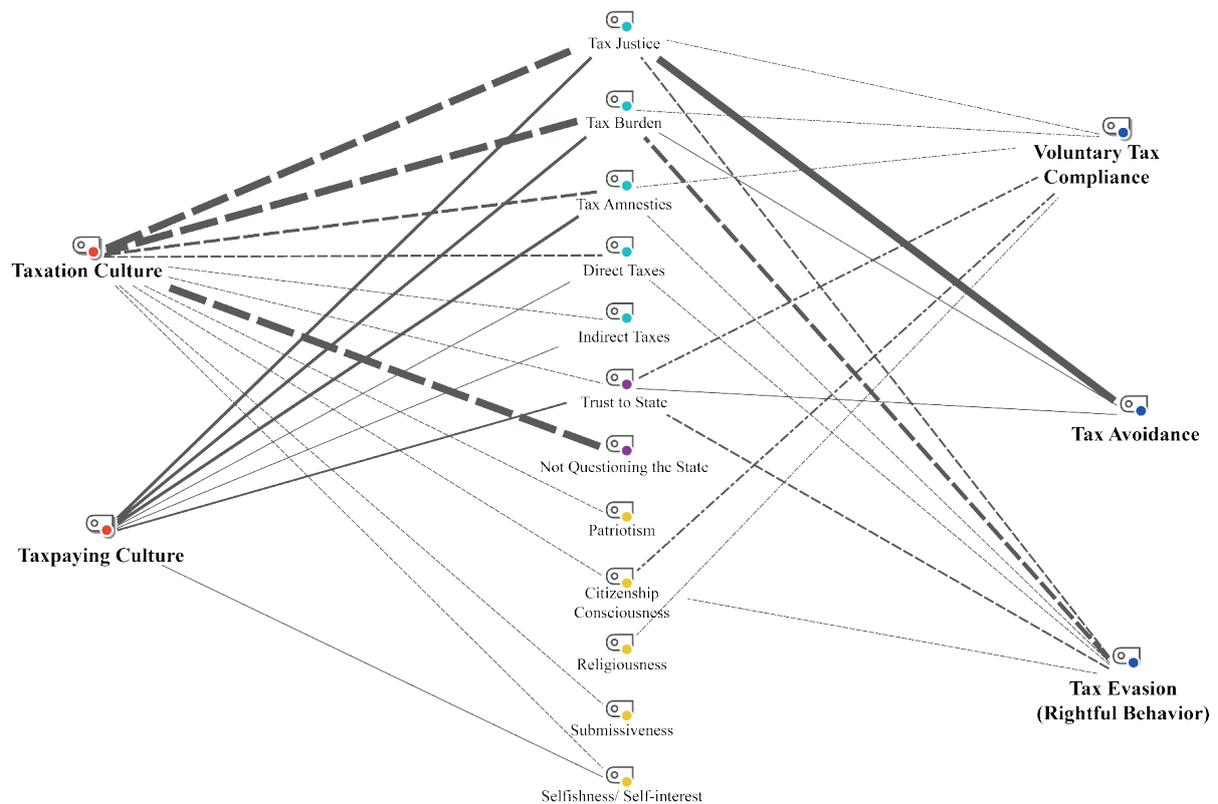
When Figure 4 is analyzed, citizenship consciousness has only connection with taxation culture and tax evasion (a rightful behavior). Regarding the reason why taxpayers hold such kind of frame of mind, a participant’s comment, who thinks citizenship and tax consciousness are weak, and the rates submissiveness and not questioning the state are high, can be explanatory:

“A very, very few people are aware of why tax is collected. Nobody knows how much tax should be levied, and everyone complies with the tax levied that they do not even consider objecting it. Let alone objecting, we do not even wonder where the levied taxes are expended. I think this is quite a bad situation.” (Student, Male, Eskişehir, 23)

Furthermore, the ones who consider tax evasion as a rightful behavior correlate this to tax burden and taxation culture. The existence of high tax burden and the competition conditions emerged as a result of amnesties are the reasons behind why they advocate tax evasion as a rightful behavior. The taxpayers justify a false behavior in this way.

Another noticeable point in Figure 4 is that “not questioning the state” code has only connection with “taxation culture” code. That is to say, while taxation culture of the state depends on the payers’ unquestioning stance against the state, the taxpayers have not established such connection with their own behavior.

**Figure 4. The Effect of the Values**



Even though taxation culture is connected with submissiveness and patriotism, it does not have a link with the other codes in the figure. This situation can be explained with the state's collection of tax by depending on its sovereignty power.

#### 4. Conclusion

In this study, it is found out that taxpayers' perception of tax culture is a "negative tax culture" and the idea that justice and equity values are damaged by various tax practices lead the taxpayers to negative tax culture.

In Turkey, the negative state of the codes related to tax in the taxpayers' mind is reflected on their behavior and the taxpaying culture is established on "evasion of tax when you get a chance". Tax evasion is regarded as major crime yet it is stated that tax evasion will not be avoided once they have the opportunity. The problems emerge during the transformation of the values into the behavior cause the growth of the individual type who does not act according to the values. It is observed that values of trust and justice are influential in the occurrence of this situation. Anger and the feeling of being wronged lead the taxpayers to tax avoidance and tax evasion. In other words, taxation culture directs taxpaying culture.

The values that influence the voluntary tax compliance are trust to the state, citizenship consciousness, and religiousness. These values can be made use of for the policies to be conducted. Nevertheless, not only for the tax system but also there should be a policy for the coverage of the public expenditures.

The fact that taxation culture relies on the submissiveness and not questioning the state impacts the taxpayers in a negative way. A tax culture that considers the citizens not only as a taxpayer but as an ally should be created. Alteration of the ongoing negative codes related to tax depends on the policies to be conducted continuously/determinedly. In the presence of the state, policymakers/decision makers should take the values of justice, equity, and trust as a basis. In order to realize cultural shift, all the actors of tax culture are required to be gathered under these common values.

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